



FOR IMMEDIATE RELEASE

November 21, 2007

FACT SHEET

WATER INFRASTRUCTURE PROJECTS UNDERWAY

CRITICAL UPGRADES SUPPORTED BY PRIVATE FINANCING AND RATEPAYER FUNDS MOVING FORWARD CITYWIDE

Mayor Sanders' continues to fulfill his commitment to address the backlog of deferred maintenance needs for the City's water system. Critical upgrades are being installed in neighborhoods throughout the City. The projects now underway were included as part of the rate increases and interim financing championed by the Mayor and approved by the City Council earlier this year.

KEY IMPROVEMENTS PROPOSED FOR THE CITY'S WATER SYSTEM (FY08 – FY11)

The projects now underway are part of nearly \$600 million in Capital Improvement Projects approved for the water system during the City Council's consideration of new water and sewer rates. Each of the upgrade and improvement projects approved for the water system is associated with either the Compliance Order issued to the City by the State Department of Public Health, other regulatory requirements or critical operational needs for the system. The projects will affect every aspect of the City's water treatment and distribution system and include:

- Citywide Cast Iron Pipe Replacement
- Citywide Pump Station Improvements
- Citywide Standpipe Improvements
- Citywide Service Area Improvements
- Alvarado, Miramar and Otay Water Treatment Plant Technology Upgrades and Expansion
- Security Upgrades for Reservoirs and Dams – Citywide
- San Pasqual Groundwater Management Plan and Desalination Demonstration Project
- Rancho Bernardo Reservoir Rehabilitation and Piping Projects

REQUIRED IMPROVEMENTS INCLUDE WORK IN EVERY COMMUNITY

The upgrades and improvements now underway for the water system include projects in every community throughout San Diego. New water mains are being installed to replace the crumbling cast iron mains reaching the end of their serviceable lifespan. Other pipeline replacement and rehabilitation projects are also included in the Mayor's water infrastructure improvement plan. Over the next four years, hundreds of miles of pipe will receive upgrades and improvements. Major upgrades to the water treatment facilities at Otay, Alvarado and Miramar are being undertaken and the City will also upgrade security systems to help ensure the safety and reliability of our water system.

INTERIM FINANCING ALLOWS CRITICAL IMPROVEMENTS TO MOVE FORWARD

Working in anticipation of the City's return to the public financing marketplace, Mayor Sanders developed a plan to secure \$57 million for interim private financing for water system projects. That plan was approved by the City Council earlier this year and has provided enough funding for the City to stay on track this year with its water system repair efforts and to remain current with the state's Compliance Order.

MAYOR'S PLAN FOR ACCESSING CAPITAL MARKETS INCLUDES ADDITIONAL FUNDING

As part of his program to return the City to the public financing marketplace, the Mayor is in the process of securing additional funds in order to continue Capital Improvement Projects for the water system through January 2010. The Mayor's plan for water system financing has two components;

- Securing approximately \$120 million in interim, or short-term, funding to continue critical water system improvements through June 2008, and
- Issuing a permanent, long-term public offering sometime in April, following the issuance of the 2006 CAFR.

Funds from this permanent long-term financing proposal will be programmed:

- To repay the \$57 million short-term notes from earlier this year;
- Repay the proposed \$120 million interim financing for fiscal year 2008, and
- Add approximately \$175 in new funding to continue priority system improvements through January 2010.

Additionally, if interest rates remain favorable, the City would also refinance approximately \$300 million in outstanding water bonds to realize economic savings that will benefit the Water system's cash flow.